

**WILLOUGHBY & HOEFER, P.A.**

ATTORNEYS & COUNSELORS AT LAW

1022 CALHOUN STREET (SUITE 302)

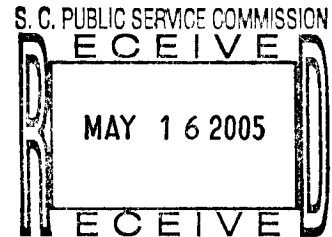
P.O. BOX 8416

COLUMBIA, SOUTH CAROLINA 29202-8416

MITCHELL M. WILLOUGHBY  
JOHN M.S. HOEFER  
ELIZABETH ZECK\*  
PAIGE J. GOSSETT  
RANDOLPH R. LOWELL  
K. CHAD BURGESS  
NOAH M. HICKS II\*\*

AREA CODE 803  
TELEPHONE 252-3300  
TELECOPIER 256-8062

May 13, 2005



\*ALSO ADMITTED IN TX  
\*\*ALSO ADMITTED IN VA

The Honorable Charles L.A. Terreni  
Chief Clerk/Administrator  
**Public Service Commission of South Carolina**  
Post Office Drawer 11649  
Columbia, South Carolina 29211

RE: Application of Carolina Water Service, Inc. for approval of a contract  
with Quattlebaum Properties, LLC for water and sewer service in  
Lexington County

Dear Mr. Terreni:

Enclosed for filing are the original and ten (10) copies of the Application of Carolina Water Service, Inc., in the above-referenced matter. I would appreciate your acknowledging receipt of this document by date-stamping the extra copy of this letter that is enclosed and returning it to me in the enclosed self addressed stamped envelope.

If you have any questions or need additional information, please do not hesitate to contact me. With best regards, I am,

Sincerely,

**WILLOUGHBY & HOEFER, P.A.**

A handwritten signature in black ink, appearing to read "John M.S. Hoefer".  
John M.S. Hoefer

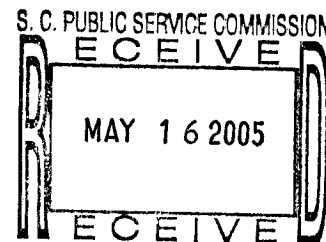
JMSH/twb

Enclosure

cc: Ms. Lisa Crossett  
Mr. Bruce Haas  
Ms. Vicki L. Quattlebaum

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

DOCKET NO. ~~2004-357-W/S~~  
2005-147 w/s



IN RE: )  
 )  
Application of Carolina Water )  
Service, Inc. for approval of a contract )  
with Quattlebaum Properties, LLC )  
\_\_\_\_\_ )

**APPLICATION**

Carolina Water Service, Inc. ("Applicant" or "Utility") hereby submits a contract between it and Quattlebaum Properties, L.L.C. ("Developer") for consideration by this Honorable Commission under Vol. 26 S.C. Code Ann. Regs. R.R. 103-541 and 103-743 (Supp. 2004). In support of this Application, Applicant would respectfully show as follows:

1. Applicant is a public utility currently authorized to operate water and wastewater systems under the jurisdiction of the Commission in Lexington County, as well as certain other counties in this state. Its corporate charter is presently on file with the Commission and an appropriate bond has been posted with same. A schedule of rates and charges for Applicant's sewer service has previously been approved by the Commission in its Order No. 2001-887, dated August 27, 2001 in Docket No. 2000-207-W/S. Also, the Commission currently has pending before it in Docket No. 2004-357-W/S the Applicant's request for adjustment of rates pursuant to S.C. Code Ann. § 58-5-240 (Supp. 2004).

2. The Applicant and Developer have entered into an agreement for water and sewer service ("Agreement") dated April 14, 2005, a copy of which is attached hereto and incorporated herein by reference as Exhibit "A."

3. The Utility's I-20 System will serve the proposed development. The Agreement provides, *inter alia*, that the Developer will construct all of the necessary water and sewer facilities ("Facilities") required to connect the proposed development to Utility's I-20 System, acquire all necessary easements and rights-of-way ("Easements") and convey such Facilities and Easements to Applicant.

4. The proposed development is within Applicant's Commission authorized Service Area in Lexington County. No other public or governmental utility is currently authorized to serve or serving the proposed development.

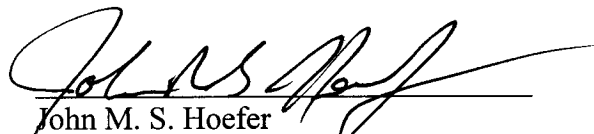
5. Upon completion of the Developer's obligations under the Agreement, Applicant is to provide service to the proposed development pursuant to all of the terms, conditions, rates and charges set forth in its Commission approved rate schedule as may be in effect and on file from time to time.

6. Although performance of the Agreement is by its terms conditioned upon approval by this Commission, Applicant respectfully submits that Commission approval is not required since the essential terms of the Agreement do not "impact, pertain to, or effect said utility's fitness, willingness or ability to provide [water or sewer] service." *See* S.C. Code Ann. Regs. RR. § 103-541 and 103-743 (Supp. 2004). This is so because the Applicant is not incurring capital costs for an expansion of its facilities or acquisition of easements or rights of way, is not discounting tap fees or service rates, and has capacity available to serve the proposed subdivision. Alternatively, should the Commission conclude that approval of the Agreement is nonetheless required, Applicant submits that the public convenience and necessity will be served by the approval of this Agreement.

Applicant further submits that no hearing in this matter is required. See S.C. Code Ann. § 58-5-240(G) (Supp.2003).

7. All correspondence and communications regarding this matter should be sent to the undersigned.

WHEREFORE, having fully set forth its Application, Applicant prays that the Commission (a) determine that approval of the Agreement is not required or, (b) in the alternative, approve the Agreement without a hearing , and (c) that Applicant be granted such other and further relief as the Commission may deem just and proper.



John M. S. Hoefer

**WILLOUGHBY & HOEFER, P.A.**

1022 Calhoun Street, Suite 302

Post Office Box 8416

Columbia, South Carolina 29202-8416

803-252-3300

Attorneys for Applicant

Columbia, South Carolina  
This 13<sup>th</sup> day of May, 2005

AGREEMENT FOR WATER AND SEWER SERVICE

CUNNINGHAM PARK SUBDIVISION

LEXINGTON COUNTY, SC

This Agreement is entered into this 14<sup>th</sup> day of April, 2005 by and between Quattlebaum Properties, LLC, (hereinafter referred to as "Developer"), and Carolina Water Service, Inc., a South Carolina corporation (hereinafter referred to as "Utility").

WITNESSETH

WHEREAS, Developer is the owner of a certain real estate parcel containing approx. 28.58 acres (Tax Parcel No. 004499-03-016), and the portion of which is being developed is located north of Tarragon Drive, between Maple Road and Ashe Street, in Lexington County, South Carolina, hereinafter referred to as the "Property" (see "Exhibit 1"); and,

WHEREAS, Developer desires to develop the Property into a residential development to be called "Cunningham Park Subdivision" which will contain approximately forty-four (44) single family homes when completed; and,

WHEREAS, Utility is a public utility engaged in the business of furnishing water and sewer service to the public in its designated I-20 Franchised Service Territory located in Lexington County; and,

WHEREAS, Developer desires Utility to provide water and wastewater utility service within the Property and Utility desires to provide water and wastewater utility service according to the terms and conditions of this Agreement. NOW, THEREFORE, in consideration of the mutual covenants as hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

Representations and Warranties of Developer

Developer represents and warrants that:

1. Developer is the owner of or is duly authorized to act on behalf of the owner(s) of the Property; and,
2. Developer will cooperate fully with the Utility in any and all applications or petitions to public authorities deemed necessary or desirable by Utility in connection with the construction and installation of the Facilities contemplated by this Agreement; and,
3. Developer will convey to the Utility or otherwise vest in the Utility such right, title and interest in and to such real estate as may be reasonably necessary to permit the Utility to

carry out the terms and conditions of this Agreement; and,

4. Developer will convey to Utility or provide by recorded subdivision plats such easements or rights of way as the Utility may reasonably require for the Utility's performance of its obligations under this Agreement. Any such plats, conveyances or licenses will be in form reasonably satisfactory to Utility's legal counsel.

## ARTICLE II

### Obligations and Construction of Facilities by Developer

#### 1. Facilities

Developer shall construct and install all necessary water distribution and wastewater collection facilities to serve the Property, including but not limited to mains, valves, fire hydrants, service laterals, meter boxes, meters, manholes, lift station (with portable diesel powered standby pump), force mains, and other facilities as are reasonably required to provide adequate water and wastewater service (herein referred to as the "Facilities").

Water distribution mains will have a minimum diameter of six (6) inches, except where otherwise approved by Utility. Developer shall interconnect the water facilities to Utility's existing water distribution systems along Maple Road and Ashe Street as determined by Utility. Wastewater collection mains will have a minimum diameter of eight (8) inches, except where otherwise approved by Utility. Developer shall interconnect the wastewater facilities to Utility's wastewater system along Ashe Street as determined by Utility.

2. All materials used by the Developer for said Facilities shall be new, first-class, and suitable for the uses made thereof. Developer guarantees all construction, materials, workmanship, and the trouble-free operation of the Facilities (or any portion of the Facilities) for one year after the Facilities (or such portion of the Facilities) are placed in service.
3. All Facilities constructed and installed by Developer pursuant to this Article II shall be constructed and installed without cost or expense to Utility.
4. All plans, specifications and construction of the Facilities shall be in accordance with applicable standards, requirements, rules and regulations of all governmental bodies and regulatory agencies which may have jurisdiction thereover, and shall have received the written approval of Utility before construction is begun, which approval shall not be unreasonably withheld or delayed.
5. Developer shall save and hold Utility harmless from and against all suits or claims that may be based upon any injury to any person or property that may occur in the course of

the performance of the construction of the Facilities by Developer or by anyone acting on Developer's behalf, or under Developer's supervision and control, including but not limited to claims made by employees of Developer, and Developer shall, at its own cost and expense, pay all costs and other expenses arising therefrom, or incurred in connection therewith, including reasonable attorneys' fees.

6. Developer shall obtain, in cooperation with Utility, all requisite permits and zoning and other approvals and all else required to construct the Facilities.
7. All of the Facilities installed by Developer pursuant to this Agreement shall become the property of Utility as installed, with the exception of the service lines for which each residential unit shall retain ownership and maintenance responsibility. Developer shall execute all conveyances, licenses and other documents reasonably requested by Utility as necessary or desirable in its opinion to ensure its ownership of, ready access to, and operation and maintenance of the Facilities. Developer shall furnish Utility with lien waivers in a form reasonably satisfactory to Utility's counsel from Developer and from all suppliers, subcontractors and all other who furnish labor, equipment, materials, rentals, or who perform any services in connection with Facilities construction herein. Developer agrees to provide to Utility documentary evidence, in form satisfactory to Utility, sufficient to establish the original cost of the Facilities. Utility shall have, at all times, all right, title and interest in and to the Facilities.
8. Developer shall, prior to the transfer to Utility of the Facilities, grant permanent, assignable easements satisfactory to Utility, authorizing Utility to own, operate and maintain the Facilities throughout the Property and providing reasonably adequate rights of access and working space for such purposes.
9. Developer shall, upon transfer to Utility of the Facilities, provide to Utility as-built drawings, and all other information reasonably required to operate, maintain, and repair the Facilities.

### ARTICLE III

#### Representations and Warranties of Developer

1. Developer will not, and will not permit by restricted land covenant, any owner of real estate within the Property to construct or maintain any private well in the Property.
2. Neither Developer nor any entity or individual affiliated with Developer has executed or will execute any agreement with any lot purchaser in the Property, or any other parties or made any representations to any such purchasers or other parties whereunder such purchaser or other parties have acquired any interest in Facilities to be installed under

this Agreement.

#### ARTICLE IV

##### Utility Services, Connection Fees, Rates and Charges

1. Upon installation of the Facilities and payment of connection fees, Utility agrees to supply all customers within the Property with adequate and customary water and sanitary sewer service, and to operate, maintain and repair all Facilities as indicated herein, after acceptance by Utility and issuance of operational approvals by all regulatory authorities.
2. Prior to the commencement of utility service, lot owners within the Property are responsible for the payment to Utility of all applicable water and sewer tap-on or connection fees, as well as the appropriate City of West Columbia water tap-on or service fees at the rate as in effect from time to time prior to the provision of utility service to any lot within the Property. Such fees, usage and all other incidental rates and charges shall be rendered by Utility in accordance with Utility's rates, rules and regulations and conditions of service from time to time on file with the South Carolina Public Service Commission (the "Commission") and then in effect. Capacity shall not be reserved for any lots for which the tap fee has not been paid.

#### ARTICLE V

##### Commission Approval

1. Within thirty (30) days following the execution of this Agreement, Utility will file a petition with the Commission requesting approval of this Agreement. All terms and conditions contained herein are subject to Utility receiving said approvals from the Commission.

#### ARTICLE VI

##### General

1. Except as provided in this Agreement, neither party to this Agreement shall be liable to the other for failure, default or delay in performing any of its obligations hereunder, if such failure, default or delay is caused by strikes or other labor problems, by forces of nature, unavoidable accident, fire, acts of the public enemy, interference by civil authorities, acts or failure to act, decisions or orders or regulations of any governmental or military body or agency, office or commission, delays in receipt of materials, or any other cause, whether of similar or dissimilar nature, not within the control of the party affected and which, by the exercise of due diligence, such party is unable to prevent or



overcome, except as otherwise provided for herein. Should any of the foregoing events occur, the parties hereto agree to proceed with diligence to do what is reasonable and necessary so that each party may perform its obligations under this Agreement.

2. The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance by either party shall not be construed as a general waiver or relinquishment on its part of any such provisions, but the same shall, nevertheless, be and remain in full force and effect.
3. The representations, warranties and agreements contained herein shall survive, and continue in effect. Utility agrees to indemnify Developer, its successors and assigns, and hold Developer harmless against any loss, damage, liability, expense or cost accruing or resulting from any misrepresentations or breach of any representation, warranty or agreement on the part of Utility under this Agreement; Developer agrees to indemnify Utility, its successors and assigns, and hold it and them harmless against any loss, damage, liability, expense or cost of Utility, accruing or resulting from any misrepresentation or breach of any representation, warranty or agreement on the part of Developer under this Agreement or from any misrepresentation in or material omission from any certificate or other document furnished or to be furnished to Utility by Developer.
4. This Agreement sets forth the complete understanding between Developer and Utility, and any amendments hereto to be effective must be made in writing.
5. Notices, correspondence and invoicing required hereunder shall be given to Developer and to Utility at the following addresses, or at any other addresses designated in writing by either party subsequent to the date hereof:

If to Utility:

Carolina Water Service, Inc.  
2335 Sanders Road  
Northbrook, Illinois 60062  
Attn: Mr. James L. Camaren  
Chairman and Chief Executive Officer

If to Developer:

Quattlebaum Properties, LLC  
1303 Church Street  
Gaston, SC 29053  
Attn: Ms. Vicki L. Quattlebaum

Delivery when made by registered or certified mail shall be deemed complete upon mailing. Delivery by overnight courier shall be deemed complete when delivered.

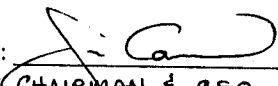
6. This Agreement may not be assigned by Developer without the written approval of Utility, which approval shall not be unreasonably withheld. This Agreement shall be

binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.


7. This Agreement shall be governed by the laws of the State of South Carolina.
8. If this Agreement is not executed prior to May 01, 2005, then the terms and conditions contained herein will be waived, with no further obligations or responsibilities to either party.

IN WITNESS WHEREOF, the parties hereto have set their seals the day and year above first written.

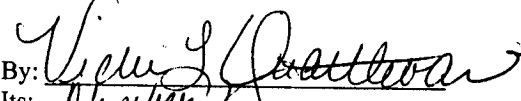
Carolina Water Service, Inc.

By:   
Its: CHAIRMAN & CEO


Attest:

  
Susan M. Aylin

Quattlebaum Properties, LLC

By:   
Its: Member

Attest:

  
Thomas A. Rasmussen